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HOUSE BILL 2831 By  
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SENATE BILL 3001  
By McNally

AN ACT to amend Tennessee Code Annotated, Section 67-6-102,  
relative to Retailers' Sales Tax Act definitions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-102(24), is amended by inserting in the first sentence of subdivision (E) the language "retail sale" between the language "Sale at retail," and "use,".

Tennessee Code Annotated, Section 67-6-102(24), is further amended by inserting in the first sentence of subdivision (E) the language "rental," between the language "do not include the sale, use," and the language "storage or consumption of:".

Tennessee Code Annotated, Section 67-6-102(24), is further amended by adding to subdivision (E) the following new subitems:

(v) Leased motor vehicles provided to an employee of a franchised motor vehicle dealer for the employee's personal use at no cost or charge to the employee pursuant to a rental vehicle use allowance earned by the employee such employees performance as an employee of the dealer;

(vi) Leased motor vehicles provided by a franchised motor vehicle dealer to non-employees at no charge or cost to the person using the vehicle when such use is for the purpose of demonstrating or displaying the vehicle to the public with the intent of promoting interest in and sales of similar vehicles;

(vii) Leased motor vehicles provided by a franchised motor vehicle dealer at no charge or cost to such dealer's customer whose motor vehicle is undergoing repairs by such dealer under the manufacturer or distributor's warranty or under an extended service contract, or to a customer whose vehicle is undergoing repairs other than under an express warranty or extended service contract, provided that such customer is provided the use of the vehicle at no charge or cost for the purpose of promoting goodwill or good customer relations; and

(viii) Charges by a franchised motor vehicle dealer made to the manufacturer or distributor of motor vehicles for pre-delivery inspections of motor vehicles provided under warranty by the dealer to the manufacturer or distributor of the vehicles.

SECTION 2. Subdivision (E) of Section 67-6-102(24), as amended by this act, shall have retroactive application to tax years beginning on or after January 1, 1996.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.